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Michael Fichter\*

## **Industrial Relations and European Integration**

- Keller, Berndt/Hans-Wolfgang Platzer (eds.) (2003): *Industrial Relations and European Integration. Trans- und Supranational Developments and Prospects*. Aldershot: Ashgate, 192 pp., € 77.00
- Kohl, Heribert/Hans-Wolfgang Platzer (2004): *Arbeitsbeziehungen in Mitteleuropa. Transformation und Integration – Die acht EU-Beitrittsländer im Vergleich*. 2., neu bearb. u. aktualisierte Aufl., Baden-Baden: Nomos, 335 pp., € 44.00
- Kohl, Heribert/Hans-Wolfgang Platzer (2004): *Industrial relations in Central and Eastern Europe. Transformation and integration. A comparison of the eight new EU member states*. Brussels: ETUI. 422 pp., € 27.00
- Marginson, Paul/Keith Sisson (2004): *European Integration and Industrial Relations. Multi-level Governance in the Making*. Basingstoke: Palgrave Macmillan, 360 pp., € 95.00 (Paperback: € 25.00, scheduled for publication in April 2006)

Over the past decade, the European Union has undergone thorough changes which have had a profound impact on the pace and character of integration and unleashed a wide-ranging debate over the existence and character of a European Social Model (ESM). Certainly two of the foremost developments have been the introduction of the EMU and the Euro (Martin/Ross 2004) and the accession of ten new member states, eight of which are from Central and Eastern Europe. For the regulatory capacity of the existing actors and institutions of labor relations, the processes of Europeanization pose an enormous challenge to their role and functionality. Although the regulation of labor relations has not been fully incorporated into this process of Europeanization, remaining anchored to the institutional framework of national systems, the impact of EU economic policy on labor relations within the member states is certainly not negligible. Not surprisingly therefore, there is a growing body of academic literature which addresses this issue and raises the question of just what is meant by Europeanization, European integration and the ESM in terms of labor relations.

The three publications under review here are prime examples of the expanding interest in the importance of this topic. For this reviewer, their contribution to the debate is not only evidenced by the titles of the three books. Beyond this, their importance is enhanced by the fact that they are among the few presentations available which provide us with a comprehensive approach to the problems and prospects of regulating labor relations under the demands and challenges of European integration. While Berndt Keller and Hans-Wolfgang Platzer in their edited volume cover all the areas of contention and challenges through individual authors with differing ap-

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proaches and conclusions, Paul Marginson and Keith Sisson have put forth a more extensive and integrated volume which takes the insights provided by the Keller/Platzer volume a step further, integrating them into the complex framework of multi-level governance and company strategies. Complementing these two volumes quite nicely, Heribert Kohl and Hans-Wolfgang Platzer have weighed in with a publication which widens the geographical spectrum of European labor relations to the East. In this excellent English translation of the original German text, the authors offer an in-depth look at the problems of transformation and integration in the new member states, positioning them by means of a model comparison in relation to the European Social Model. Each of the volumes will be reviewed individually followed by a concluding segment of comparative analysis.

The Keller/Platzer volume, the earliest published of the three (2003), uses “state of the art” presentations by seven experts (including the editors) to examine the key arenas of emerging institutions and actors on the European level. Within this empirical framework, its stated goals are to bring the areas of topical specialization together and to reflect on interdependencies and interactions (4). The arenas which they address as the focal points of Europeanization are the European social dialogue, European works councils, collective bargaining and the European employment policy. In contrast to a book published under the same title in 1992 by Paul Teague and John Grahl, who were confident of continued progress while recognizing the “embryonic” state of transnational employment relations (43), Keller and Platzer emphasize that Europeanization is neither a homogenous nor an integrated process, unlikely to evolve “towards a (vertically) integrated system of ‘European’ industrial relations ... in the foreseeable future” (3). Still, they are concerned to highlight both the extent to which each single arena is developing as well as the relational and coordinating processes among them. While their overall focus is on European level labor relations in the context of the tensions between economic (policy) development and social policy, Keller and Platzer also pay attention to the heterogenic nature of national systems as a factor of interaction and a source of structural deficits at the EU level.

The particular strength of this volume is to be found in the individual expert chapters, each of which combines an up-to-date report on developments with succinct analysis and evaluation. Gerda Faulkner offers a sobering assessment of the EU inter-professional Social Dialogue, whose actors have formed a “corporatist policy community” (26) to produce “negotiated legislation”. However, this “shadow of the law” bargaining, dependent on an intervening Commission, is fading as the open method of coordination spreads (24). Faulkner judges the prospects of the new bipartite avenue for cross-sector Social Dialogue (Laaken declaration 2001) to be a voluntaristic approach with a bleak outlook. Despite a procedural broadening (mainstreaming) of social dialogue as a key element in the new “good governance” approach, binding agreements and co-decision are waning.

Further evidence of the problems with this trend is presented by Berndt Keller in his chapter on the sectoral Social Dialogue. Keller is primarily concerned with developments evolving from the restructuring of arrangements in 1998. Against this background, he shows how problems of defining the sector, of representivity and subsidi-

arity, and in particular of the transposition of agreements into recognized national forms have left labor relations at the EU sectoral level in a state of stagnation (52). Indeed, he concludes, the sectoral Social Dialogue is a case of “old wine in new bottles” (51) because the output quality has not improved. With the relationship between the inter-professional and sectoral levels unclear and the diversity of interests and organizational capacity both across and even within sectors considerable, Keller concludes that a “European model”, should it come about, “will therefore be fragmented and face enormous ‘forces of diversity’” (49). Only at the sub-sectoral level i.e. such as road transportation or railways, does he acknowledge the possibility of a more homogeneous interest structure existing which could facilitate cross-border Social Dialogue. This is too little, he concludes, to complement the ongoing and more “far-reaching” activity at the company level (i.e. European works councils). In the end, he says, the lack of cross-border bargaining structures at the sectoral level is a danger for dualistic systems of labor relations in various member states.

The potential of structural imbalance in employee representation between enterprise and sectoral levels becomes evident in the chapter on European Works Councils (EWC) by Thorsten Müller and Hans-Wolfgang Platzer. The authors provide a concise historical overview of the development of the “political breakthrough” of this “new mode of regulation” (79). Based on their extensive research in this field, they argue that the designation of the EWC as a “neo-voluntaristic” policy instrument is misleading. Instead, they prefer to use the concept of “regulated self-regulation” in regard to “an emerging multi-level system of European (company) industrial relations” (80) as their analytical tool.

Despite its restricted power base, the EWC is embedded in a relatively secure institutional framework. For the collective bargaining activities of the trade unions there is no such comparative basis. This problem and the prospects for a Europeanization of collective bargaining under the EMU are developed further in the following two chapters from two different perspectives. Franz Traxler presents the reader with a comparative empirical analysis of collective bargaining systems in EU member states prior to the 2004 enlargement. With the exception of the UK, the author posits the existence of a multi-employer based “EU model of bargaining” (85). Within this model he finds evidence of both “organized decentralization” and a common trend toward attempts at national level coordination. For Traxler, institutional continuity is clearly discernable within the Eurozone (105), a phenomenon which he concludes as having contradictory ramifications for the Europeanization of labor relations. On the one hand, both the vertical and horizontal coordination of cross-border collective bargaining is structurally dependent on the existence of stable, cooperative and coordinating institutions within national systems for developing goals and transposing negotiated agreements. “Yet in terms of policy *goals*, national and transnational coordination conflict with each other, since the former has been committed to competitive wage policies – an approach which the latter set out to overcome.” (105)

In his contribution on trade union initiatives for the transnational coordination of collective bargaining, Thorsten Schulten also points to the contradictory policy roles of national social pacts and cross-border bargaining coordination. Schulten sees the impetus for coordination in a ruinous convergence toward competition-induced wage

restraint, to which the only answer available to the unions – considering the absence of a legal framework for “hard issue” collective bargaining – must be: “*develop the internal social dialogue!*” (114) For the unions, coordination is built upon a “return to productivity-oriented collective bargaining” and on a politically defined level of minimum standards in the EU. (120) However, translating such principles into workable policies has proven to be extremely difficult. For one, coordination and compliance are based on voluntary commitment. A second problem results from contradictions between the national and the EU level and their respective organizational and institutional logic. Schulten, however, is not completely pessimistic regarding the prospects of overcoming the obstacles and developing collective bargaining coordination at the European level. But this would require the unions to go beyond the current voluntary approach to institutionalize their procedures. He sees a means of realizing this goal in both the “open method of coordination” (OMC) used in a variety of EU policy fields and in the initiation of a political debate over wage policy in Europe.

To what extent the OMC approach would actually go beyond the present voluntary arrangement practiced by the unions remains an open question in Schulten’s contribution as well as in the chapter by Janine Goetschy on European employment policy since the 1990s. The author provides the reader with a clear overview of developments and important insights into policy conflicts. For Goetschy, attempts at boosting employment policies which would safeguard the European social model have continually ignored the “impact of overly restrictive monetarist policies which might be detrimental to employment” (140). While the motives behind employment policy have not changed, the introduction of the European Employment Strategy (EES) has put the problem of unemployment in a longer term perspective (155). She concludes however, that all of the activities and policy efforts will have only very limited effect as long as “the imbalance between a centralized EU monetary policy and the weakness of EU macro-economic coordination” continues (156).

In their concluding chapter, the editors review the individual contributions, bringing their topical foci together in regard to long-term trends and perspectives. They point to the *changing modes of social regulation* as a key issue addressed by all contributors: From harmonization to a more flexible approach, from substantive to procedural regulation, from unanimity to qualified majority, and from vertical integration to horizontal co-ordination. Their assessment of the future course of labor relations and the European Social Model recognizes the spreading of fragmentation and particularization and the staying power of “fundamental political disagreement” (177), especially in light of the recent enlargement process. Nevertheless, Keller and Platzer conclude with a cautious “Wait-and-See” verdict.

Although the book was published in 2003, its individual chapters still offer relevant and insightful analyses of the decisive issues. I have found the book especially useful in teaching European labor relations because of the topical focus and clarity of presentation. Although the editors point out that the book is not an historical presentation, the authors do include pertinent references to policy genesis. Altogether, despite the irritatingly large number of misspelled words, this book should be regarded as an important and fundamental contribution to the study of labor relations in Europe.

For Paul Marginson and Keith Sisson, the key issue is the question of whether and how European integration is impacting labor relations. Certainly, there is no simple answer to this question, and as the book demonstrates, it is not easy to digest the ramifications of the myriad of competing and complementary, coordinated and uncoordinated, convergent and divergent processes laid out by the authors. In this well-written, and yet highly complex presentation, the authors aim is to re-focus research on industrial relations, i.e. “the regulation or governance of the employment relationship” (xvi) in the evolving European context. They see an opportunity to investigate Commons’ proposition that “industrial relations systems follow the market” (xviii), focusing on the supranational and national institutional setting, the role of national actors and on the collective action problem at the EU level. For Marginson and Sisson, the issue of developing adequate governance structures and policies for labor relations within the EU can not be dealt with as a matter of either complete decentralization or centralization. Rather, the authors are concerned with actual policies and conflicts and with the interaction of all levels, from the workplace to the supranational. In European integration as a “laboratory” of policy-making wrought with conflicts, contradictions and agreements, the authors see an exceptional opportunity to theorize and to refine analytical instruments.

The book is thematically structured. It begins with an overview of the economic, political and social dimensions and the key processes in the multi-level governance of industrial relations: collective bargaining, coordinated bargaining and the informal processes of isomorphism. From there, the authors proceed to cover the arenas of interest articulation and contention in regard to the development of labor relations in the context of European integration. Individual chapters are devoted to industrial relations at EU community and sector level, the role of national social pacts as a case of “re-nationalization and Europeanization”, developments in sectoral collective bargaining, the changing balance between sector and company bargaining, and the rise of the Euro-Company as a possible new focus for the Europeanization of industrial relations. The authors then tie these heterogeneous arenas together thematically in two subsequent chapters on wage developments in a multi-level system and on working time patterns, demonstrating the complexity of interaction among these arenas as well as the factors which make outcomes highly unpredictable. Two concluding chapters, one with a review of the findings and another on possible implications for policy, practice and theoretical considerations, round out the book.

Marginson and Sisson have grave doubts about the emergence of a vertically integrated European system. Instead they see a “multi-level industrial relations framework” in the making, shaped by an extremely heterogeneous spectrum of formal and informal processes.

A multi-level system of industrial relations is more than a descriptive metaphor, however. The emerging system is, in formal terms, an intervening as well as dependent variable, making it possible to draw conclusions of wider analytical importance. European integration is a *cause* of the multi-level framework in as much as it is contributing to the collective action problem that policy makers and practitioners have to deal with. Application of the ‘subsidiarity’ principle is a common response leading to both fur-

ther decentralization and new forms of centralization within national systems. The *effects* of the system's evolving patterns of regulation, 'policy networks' and opportunities for mutual learning are evident not just in changes in the levels of governance, but also its scope, form and output. The supranational nature of the EU is also encouraging the development of a cross-border dimension at the cross-sector, sector and above all company levels. In bringing about a measure of convergence *within* companies and sectors *between* national systems, the multi-level framework is simultaneously promoting greater diversity *between* companies and sectors and *within* national systems" (25).

Paradoxically, one of the strengths of this volume is that it lacks the clarity and focus of the individual chapters in the Keller/Platzer book. The subtitle of the book, "Multi-Level Governance in the Making", is its agenda. In rejecting simplified characterizations regarding the course of labor relations in an integrating Europe, Marginson and Sisson have drawn especially on their qualitative empirical findings to draft a realistic assessment of the contingency and open end character of the myriad of processes, actors and agendas interacting within and across the arenas of workplace, sectoral, national and supranational labor relations. And as such, this is a book with an in-depth approach which in its complexity and analytical differentiation introduces a qualitatively new dimension to the academic discussion. This is particularly evident in the section of the final chapter regarding theoretical implications, in which the authors sum up the arguments in favor of (their) multi-disciplinary, multi-method and multi-level approach. Altogether, this is obviously not an introductory text for undergraduates. But it surely will provide much food for thought for scholars, not only in the field of labor relations itself but also in regard to more general processes of European integration.

In regard to the impact of the new EU member states from Central and Eastern Europe (CEE), both the Keller/Platzer and the Marginson/Sisson books were focused on the pre-2004 composition of the EU. Having been published before the accession of ten new member states in that year, they could only speculate about the possible detrimental effects on the EU in the future. As such, this volume by Heribert Kohl and Hans-Wolfgang Platzer, reviewed in the English version, is an excellent compendium to the other two. The authors tackle the same sort of Herculean task that Marginson and Sisson faced, namely, analyzing, comparing and synthesizing vastly complicated, contradictory and continually changing political and socio-economic developments in a comprehensive volume. The book is based on the country studies of eight national experts, completed in the context of a project directed by the two book authors. But the book is much more than a collection of reports on labor relations in the new EU member states in that it takes an in-depth look at their development and relates these findings to the larger question of the status and the future of labor relations in the EU and the European Social Model.

Kohl and Platzer have taken an issue-oriented approach to present the material and their arguments. The first section is a comparative analysis of labor relations in the transition economies. Following an introductory review of the political and economic framework, the authors present a country-by-country analysis of collective labor law and labor relations in the workplace, at the sectoral level and as an exercise

in national and regional level tripartism. At the end of this section there is a comparative summary of these issues which emphasizes similarities and differences in the countries under review. The second section is devoted to understanding how CEE labor relations might “fit” within the framework of labor relations in Western Europe. To this end, the authors discuss the various models of national labor relations systems in the pre-accession EU, the problems which those models have been facing during the past decades, and the question of the Europeanization of labor relations in the EU. On this basis, they turn back to the CEE countries and present their argument for the existence of a particular “transition model” of labor relations in the region. The third and final section of the book is devoted to the overarching issue of labor relations in an enlarged EU and the project of a European Social Model.

The ongoing changes and contingency of the post-socialist period is implicit to the transition model of labor relations developed by the authors. While recognizing the considerable influences on the transition process emanating especially from the EU countries, the authors reject the notion of a model import. And yet, despite clear path dependent differences among the individual national systems, the CEE countries all share common features which set their systems of labor relations apart from the several Western European models: The “influence of the state on labour regulation and collective bargaining, with a corresponding weakness at the intermediate level of autonomous social partners with a capacity to negotiate sectoral provisions” (358) is one of these features, “the unstable and fragmented structure of employee representation at the workplace” (359) is another. Moreover, the considerable national variations and the ongoing transitional processes of structural change reveal the existence of a “two-speed CEE” model on a north-south axis characterized by a more structurally conservative (in the north) or an innovative approach (in the south) to transformation and to an adaptation to the European Social Model. The overall conclusion drawn by the authors is that the CEE countries are processing at varying and different speeds the “incorporation of individual ‘Western European building blocks’” (363) and creating functional equivalents on the road to Europeanization. Nevertheless, in Europe as a whole, the CEE countries are contributing more to the diversification of labor relations systems than to harmonization. In this regard, the European Social Model as a “soft law” concept is dependent on the strengthening of non-state actors for its anchoring in the new member states.

This is an excellent introduction and overview of an extremely complex topic, a veritable moving target marked by both stagnation and ongoing dynamic changes. The authors have integrated a wealth of information highly pertinent to developing a comprehensive, comparative and differentiated understanding of transformation and consolidation in a region which for many observers in Western Europe is still virtually incomprehensible and has the appearance of a monolithic block. As the authors note, the post-1989 transformation and the accession of the CEE countries to the EU is having a tremendous impact on the future of social policy in Europe. Labor relations, both as national systems in Western Europe and as a European project, are being profoundly affected by the trajectory of developments in the new member states. In its comprehensiveness and differentiation, this book will help foster a deeper recognition of the strengths and weaknesses as well as of the varieties in labor relations sys-



tems across Europe and stimulate the discussion of both national model typologies and of the European Social Model.

In sum, this reviewer is quite impressed with each of these books on its own. Taken together, they offer even more in their coverage of the field and injection of timely and important impulses into current and future discussions of labor relations and European integration. Above all, all three books should be commended for their contributions to the study of labor relations, to the variety and centrality of “governance” (Marginson/Sisson) in this field, and to our refocusing of the issues surrounding labor relations in the face of ongoing and significant, formal and informal processes of change in Europe.

### **References**

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